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FLOOR DEBATE

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LB 397, 759

sales tax, under Omaha, where there's a local option sales tax, of \$347. Now that's a sizeable piece to put on the consumer, who's just trying to improve their property. But remember, under this amendment, the sales tax rate goes to 2.8 percent. That means that the material cost no longer is calculated and collected at 5.5. So the savings on materials offsets the cost to the consumer on labor. That's the way LB 397 was constructed. It was done purposely so. Of course, the fear is always that once the Legislature gets it, they might raise the rates and I have to tell you that I share that concern. I seriously share that concern. But it is overridden by my intense desire to produce a tax code that positions Nebraska for economic growth, which a low rate would do, the growth of the service economy would do, one that's fair, one that's simple, one that's neutral. We didn't play favorites. I would have loved to play favorites, but I didn't. It's visible. Our citizens can see it. They know exactly what they're paying for. It's not hidden at all. And it's stable because it doesn't fluctuate like the yo-yo of income taxes with good times and bad times. Now there are those here who probably would like to take out their bits and pieces,...

SENATOR CUDABACK: One minute.

SENATOR REDFIELD: ...and certainly the lobbyists that came in that day, that's what they were hoping would happen, but there were only two things that I took out--food and medical expenses. Now how does this benefit low-income people? I think it does, because every time they buy a pair of jeans right now they pay 5.5 percent in state sales tax, and they would pay 2.8. And they have a limited number of dollars that they can go out and purchase goods with or services, and when it's gone it's gone. So what those dollars are expended on now would actually save them on those sales tax. The materials, one of the problems with the LB 759 piece and the repairs and the remodeling is, in fact, that if you could afford to put on a \$600,000 addition with a swimming pool you probably could afford the sales tax but can't...

SENATOR CUDABACK: Time.